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# Australian banker sparks saga of misdeposits, officials

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The death of an Australian banker early this year outside Sydney has generated an international tale of financial intrigue that spreads even to Honolulu.

The banker was Frank J. Nugan, 35, who apparently killed himself Jan. 25 in a car parked on a lonely road. Shortly thereafter, the Sydney-based Nugan Hand Bank went broke.

Former U.S. Brig. Gen. Edwin Black, husband of Cobey Black, one of The Advertiser's contributing columnists, said he was the local representative of the Nugan Hand Bank.

"The Australian newspapers have been trying to blow this thing up, to bring in the Mafia, the CIA, international drug deals, all that sort of thing, and it's just not there," Black said.

Since Nugan died, a number of peculiar things have happened to bank officials and bank deposits. Mostly they have vanished without a trace.

Nugan's partner, Michael Jon Hand, disappeared from Australia after stating at a coroner's inquest into Nugan's death that Nugan had misappropriated at least \$3 million in the bank's assets and had made loans of a like amount to persons or groups who could not be identified.

According to the Australian press, some \$20 million is gone from the bank's Cayman Islands office, along with all office records.

Gone, too, is \$800,000 in cash from the office safe of one of Nugan's Sydney companies.

Some \$2.8 million is reported missing from the bank's Hong Kong office.

The head of the bank's Singapore office is reported missing. Black told The Advertiser that the Saudi Arabian bank representative also has disappeared.

Black said the Nugan Hand Bank was a private merchant bank headquartered in Sydney, with representative offices throughout the world, including Hong Kong, Singapore, Saudi Arabia, Bangkok, Honolulu, San Francisco and Manila.

Retired U.S. Adm. Earl Yates, once assigned to CINCPAC in Honolulu, ran the bank's office in Virginia Beach, Va., Black said.

"I got to know Yates when he was with CINCPAC," Black said.

"It was through him that I was brought into the organization. He came through here in late 1977 or early 1978, introduced me to Nugan and Hand, gave me a pitch to join them and I did."

The office here did not do any actual banking, Black said.

"My role was to assist the bank's clients, people who had deposited money with the bank in promoting business activities they might be interested in in Southeast Asia, Thailand, Hong Kong," he said.

Black was the commander of U.S. Army forces in Thailand in the late 1960s.

"The bank sold commercial paper — short-term certificates of deposits — at a high rate of interest," Black explained.

At one time, the Australian interest rates on commercial paper were higher than in the U.S. or the international market.

"It was a perfectly legitimate business. At one point, an American bank — I think it was in Philadelphia — bought a half-million dollars in certificates, collected their interest, and were very happy about it," said Black.

"I was on retainer and was available full-time, but I didn't really work full-time," Black said.

"I traveled for them, went to Sydney and attended meetings, that sort of thing. It was a good deal," Black said.

As for allegations that the bank was connected to the CIA, Black said, "There's nothing to it."

Black's name was included on a list of names published recently by the London Sunday Times of persons connected to Nugan Hand, some of them with CIA backgrounds.

"They try to bring me into it because I used to be in the OSS (Office of Strategic Services)," he said.

"That was right after I got out of West Point, during World War II, behind the lines in France and Germany," he said.

"OSS was the predecessor to the CIA, so they try to make a big deal out of that," he said.

The London Sunday Times reported that the directors and shareholders of Australian and Pacific Holdings, a company set up by Hand, were mostly employees of Air America, the CIA-controlled airline in Southeast Asia.

The Sunday Times also reported that John Arthur Paisley, a former CIA officer who committed suicide under strange circumstances in 1978 during a fishing trip on Chesapeake Bay, was a Nugan Hand man.

The most interesting CIA connection was the employment of former CIA Director William Colby by Nugan Hand after he left the agency.

"Colby got involved in the last days of the bank's existence; they signed him on as a consultant," Black told The Advertiser.

Colby's business card was found on the body of the man identified as Nugan in Australia.

Also found on the body was a copy of the New Testament with Frank Nugan's handwriting on the title page.

He had written:

"I place this day, my life, my work, my loved ones in the Lord's hands. He is so good it will be a good day."

"I believe, I believe this will be a glorious magical-miraculous day. He is with me now. Jesus walks. He is with me now. Visualise 100,000 customers worldwide. Prayerise, actualise. God is our partner in GNH and Co."

GNH and Co. is believed (by the Australian press) to be God, Nugan Hand and Co.

Michael Hand, before he disappeared, reportedly said that a photograph of the dead Nugan was actually not Nugan. And the Australian press has questioned the circumstances of Nugan's suicide, speculating

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